

U.S. Department of Justice

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Western District of New York*

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PRESS RELEASE

June 7, 2005

CONTRACTOR PLEADS GUILTY IN CITY BRIBERY CASE

RE: UNITED STATES v. JOSE CIPOLLA

Acting United States Attorney Kathleen M. Mehlretter announced today that Jose Cipolla, age 47, of 60 Kaye Park Terrace, Rochester, New York, has pleaded guilty to perjury in front of United States District Court Judge Charles J. Siragusa, in violation of 18 U.S.C. §1623, which carries a maximum sentence of 5 years imprisonment, a \$250,000 fine, or both.

Assistant U.S. Attorney Richard A. Resnick, who is handling the case, stated that the defendant was the owner of Mardell Construction located 2316 Lyell Avenue, Rochester, New York. During the years 2002 through 2004, the defendant provided kickbacks in amounts approximately equal to 2 to 5 percent of the contract amount to

City of Rochester rehabilitation specialists. The defendant provided these kickbacks in order to insure that he received projects from the City of Rochester which were funded by the Department of Housing and Urban Development.

The rehabilitation specialists to whom the defendant provided kickbacks included Mark Stedman, David Lippa and Steven Young. The kickbacks were generally paid in cash. Many of the kickbacks paid to David Lippa were disguised as a loan the defendant was purportedly repaying to David Lippa. Further, on one occasion the defendant paid the Volunteers of America the amount of \$5,000 in connection with a mobile home purchased by Mark Stedman.

On March 8, 2005, the defendant testified in the federal grand jury impaneled in October 2004 in Rochester, New York in the Western District of New York. The defendant testified in connection with an investigation regarding whether City of Rochester rehabilitation specialists were receiving kickbacks from contractors to steer EACH and LEAD program projects. In the grand jury, the defendant testified that while he had paid kickbacks to Mark Stedman and Steve Young, he had not paid kickbacks to David Lippa. However, the defendant knew at the time of his testimony in the grand jury that he had in fact paid substantial kickbacks to David Lippa and that such information was substantial to the government's investigation of David Lippa.

The conviction was the culmination of an joint investigation on the part of the Federal Bureau of Investigation, under the direction of Peter Ahearn, the U.S.

Department of Housing and Urban Development, Office of Inspector General, under the direction of Ruth Ritzema, and the United States Postal Inspection Service, under the direction of William E. Kezer.

Previously, city employees Steven Young, Mark Stedman and David Lipa pled guilty to receiving bribes. Cipolla is the first contractor charged.

Sentencing is scheduled for September 9, 2005, at 11:00 a.m. in front of Judge Siragusa.

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